DENKO INDUSTRIAL CORPORATION BERHAD
(Incorporated in Malaysia)

Company No: 190155-M

FINANCIAL REPORT
for the financial year ended 31 March 2016

Contents

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM	THE COMPANY RM
Profit/(Loss) after tax for the financial year	2,985,859	(320,118)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the statements of changes in equity, Notes 24 and 26 to the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the making additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Dato' Ong Choo Meng
Dato' Ong Soon Ho
David Yaory
Ong Wei Liam @ Jeremy Ong
Tan Chen Wei
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai
Yoong Nim Chor
Dr. Loh Yee Feei (Appointed on 27 July 2015 and resigned on 14 September 2015)
Thoolasy Das A/L Ponniah (Retired on 21 September 2015)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	<----------Number of Ordinary Shares of RM0.40 Each---------->			
	AT 1.4.2015	Bought	Sold	AT 31.3.2016
Direct Interests In The Company				
Dato' Ong Choo Meng	14,507,500	-	-	14,507,500
Dato' Ong Soon Ho	4,845,500	-	-	4,845,500
Tan Chen Wei	12,507,900	-	-	12,507,900
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	6,200	-	-	6,200
Indirect Interests In The Company				
Dato' Ong Choo Meng ^	4,845,500	-	-	4,845,500
Dato' Ong Soon Ho *	14,507,500	-	-	14,507,500

* - By virtue of the shareholding of his child, Dato' Ong Choo Meng
^ - By virtue of the shareholding of his father, Dato' Ong Soon Ho

By virtue of the directors' shareholdings in the shares of the Company, Dato' Ong Choo Meng, Dato' Ong Soon Ho and Tan Chen Wei, are deemed to have an interest in shares in the Company and its related corporations to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

DIRECTORS' INTERESTS (CONT'D)

The other directors holding office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 31 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 11 July 2016.

Dato' Ong Choo Meng

Tan Chen Wei

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Dato' Ong Choo Meng and Tan Chen Wei, being two of the directors of Denko Industrial Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on pages 9 to 73 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 35, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 11 July 2016.

Dato' Ong Choo Meng

Tan Chen Wei

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Tan Siew Li, I/C No. 740728-06-5194, being the officer primarily responsible for the financial management of Denko Industrial Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 9 to 73 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act 1960.

Subscribed and solemnly declared by
Tan Siew Li, I/C No. 740728-06-5194,
at Johor Bahru in the state of Johor
on this 11 July 2016.

Before me

PESURUHJAYA SUMPAH
No. J 204
MOHDZAR BIN KHALID
P.L.P., P.I.S.,
MALAYSIA

No. 89, Jalan Trus
80000 Johor Bahru

Tan Siew Li

Crowe Horwath.

Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENKO INDUSTRIAL CORPORATION BERHAD
(Incorporated in Malaysia)
Company No: 190155-M

Report on the Financial Statements

We have audited the financial statements of Denko Industrial Corporation Berhad, which comprise the statements of financial position as at 31 March 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 73.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Crowe Horwath™

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENKO INDUSTRIAL CORPORATION BERHAD (CONT'D)
(Incorporated in Malaysia)
Company No: 190155-M

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of a subsidiary of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 35 on page 74 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Crowe Horwath

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENKO INDUSTRIAL CORPORATION BERHAD (CONT'D)

(Incorporated in Malaysia)
Company No: 190155-M

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Fong Kiat Keong
Approval No: 3048/06/17(J)
Chartered Accountant

11 July 2016

Johor Bahru

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2016

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	47,088,633	47,088,633
Property, plant and equipment	6	52,074,005	54,281,221	-	-
		52,074,005	54,281,221	47,088,633	47,088,633
CURRENT ASSETS					
Inventories	7	18,859,638	15,103,155	-	-
Trade receivables	8	21,325,405	22,160,360	-	-
Other receivables, deposits and prepayments	9	3,177,573	1,622,528	130,669	7,254
Amount owing by subsidiaries	10	-	-	2,829,975	2,829,975
Current tax assets		139,352	182,857	-	-
Cash and bank balances		4,606,695	2,334,908	23,505	411
		48,108,663	41,403,808	2,984,149	2,837,640
Non-current assets held for sales	11	5,500,000	5,500,000	-	-
		105,682,668	101,185,029	50,072,782	49,926,273

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2016 (CONT'D)

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	12	41,787,540	41,787,540	41,787,540	41,787,540
Reserves	13	14,529,474	11,459,512	3,820,650	4,140,768
TOTAL EQUITY		56,317,014	53,247,052	45,608,190	45,928,308
NON-CURRENT LIABILITIES					
Long-term borrowings	14	5,532,598	2,953,686	-	-
Deferred tax liabilities	15	4,671,245	6,140,534	-	-
		10,203,843	9,094,220	-	-
CURRENT LIABILITIES					
Trade payables	16	11,460,134	9,468,127	-	-
Other payables and accruals	17	12,462,453	7,913,882	150,248	223,057
Amount owing to directors	18	4,807,551	8,307,007	955,208	751,800
Amount owing to subsidiaries	10	-	-	3,359,136	3,023,108
Short-term borrowings	19	10,248,506	12,641,206	-	-
Bank overdraft	22	-	513,535	-	-
Current tax liabilities		183,167	-	-	-
		39,161,811	38,843,757	4,464,592	3,997,965
TOTAL LIABILITIES		49,365,654	47,937,977	4,464,592	3,997,965
TOTAL EQUITY AND LIABILITIES		105,682,668	101,185,029	50,072,782	49,926,273

DENKO INDUSTRIAL CORPORATION BERHAD
(Incorporated in Malaysia)
Company No: 190155-M

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

		The Group		The Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
REVENUE	23	92,752,795	80,076,714	-	-
COST OF GOODS SOLD		(77,920,068)	(68,579,747)	-	-
GROSS PROFIT		14,832,727	11,496,967	-	-
OTHER INCOME		1,262,274	2,152,637	-	254,954
MARKETING AND DISTRIBUTION EXPENSES		(4,629,876)	(4,021,750)	-	-
ADMINISTRATIVE EXPENSES		(7,136,631)	(5,429,602)	(486,380)	(1,073,984)
OTHER OPERATING EXPENSES		(1,391,901)	(901,741)	-	-
FINANCE COSTS		(944,496)	(950,941)	-	(11,010)
PROFIT/(LOSS) BEFORE TAX	24	1,992,097	2,345,570	(486,380)	(830,040)
TAX INCOME	25	993,762	499,307	166,262	52,207
PROFIT/(LOSS) AFTER TAX		2,985,859	2,844,877	(320,118)	(777,833)
OTHER COMPREHENSIVE INCOME, NET OF TAX	26				
Items that Will Not be Reclassified Subsequently to Profit or Loss					
- Revaluation of properties		-	14,103,808	-	-
Items that May be Reclassified Subsequently to Profit or Loss					
- Foreign currency translation differences		84,103	(3,049)	-	-
TOTAL OTHER COMPREHENSIVE INCOME		84,103	14,100,759	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		3,069,962	16,945,636	-	-
EARNINGS PER SHARE (SEN)	27				
- basic		2.86	2.72		
- diluted		Not applicable	Not applicable		

The annexed notes form an integral part of these financial statements.

DENKO INDUSTRIAL CORPORATION BERHAD
(Incorporated in Malaysia)
Company No: 190155-M

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

The Group	Note	Share Capital RM	<---- Share Premium RM	Non-Distributable Revaluation Reserve RM	Foreign Exchange Translation Reserve RM ---->	Accumulated Losses RM	Total Equity RM
Balance at 1.4.2014		41,787,540	1,566,419	3,855,379	-	(10,907,922)	36,301,416
Profit after tax for the financial year		-	-	-	-	2,844,877	2,844,877
Other comprehensive income for the financial year, net of tax:	26						
- Revaluation of properties		-	-	14,103,808	-	-	14,103,808
- Foreign currency translation differences		-	-	-	(3,049)	-	(3,049)
Total comprehensive income/(expenses) for the financial year		-	-	14,103,808	(3,049)	2,844,877	16,945,636
Balance at 31.3.2015		41,787,540	1,566,419	17,959,187	(3,049)	(8,063,045)	53,247,052

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

		The Group		The Company	
		2016	**2015**	**2016**	**2015**
	Note	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before tax		1,992,097	2,345,570	(486,380)	(830,040)
Adjustments for:-					
Bad debt written off		-	22,417	-	-
Depreciation of property, plant and equipment		4,530,625	5,168,436	-	-
Gain on disposal of property, plant and equipment		(30,474)	(28,026)	-	-
Impairment losses on:-					
- property, plant and equipment		50,625	343,465	-	-
- other receivables		-	38,700	-	-
- trade receivables		798,965	237,251	-	-
Interest expense		928,829	933,930	-	11,009
Interest income		(10,092)	(4,242)	-	(1,954)
Inventory written down		560,101	115,634	-	-
Inventory written off		642,824	-	-	-
Property, plant and equipment written off		1	-	-	-
Reversal of impairment losses on:					
- freehold land and buildings		-	(629,302)	-	-
- other receivables		-	(16,000)	-	-
- trade receivables		(625)	(42,920)	-	-
Reversal of inventory written off		-	(880,745)	-	-
Unrealised loss/(gain) on foreign exchange		594,232	(208,327)	-	-
Operating profit/(loss) before working capital changes		10,057,108	7,395,841	(486,380)	(820,985)
Increase in inventories		(4,959,408)	(1,890,693)	-	-
(Increase)/Decrease in trade and other receivables		(2,351,572)	(7,880,031)	(123,415)	18,176
Increase/(Decrease) in trade and other payables		6,856,386	2,468,651	(72,809)	(355,667)
CASH FROM/(FOR) OPERATIONS		9,602,514	93,768	(682,604)	(1,158,476)
Interest paid		(928,829)	(933,930)	-	(11,009)
Tax paid		(717,905)	(392,962)	-	-
Tax refunded		466,407	1,124,544	166,262	1,012,917
NET CASH FROM/(FOR) OPERATING ACTIVITIES		8,422,187	(108,580)	(516,342)	(156,568)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

	Note	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Interest received		10,092	4,242	-	1,954
Proceeds from disposal of property, plant and equipment		317,472	31,800	-	-
Purchase of property, plant and equipment	28	(2,115,515)	(2,619,249)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(1,787,951)	(2,583,207)	-	1,954
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
(Repayment to)/advances from directors		(3,499,456)	6,350,209	203,408	208,000
Repayment of bankers' acceptance		(1,637,553)	(121,000)	-	-
Repayment of hire purchase obligations		(1,017,295)	(458,063)	-	(25,491)
Advances from/(repayment to) subsidiaries		-	-	336,028	(45,100)
Drawdown of term loan		5,000,000	-	-	-
Repayment of term loan		(2,608,305)	(1,040,153)	-	-
Placement of cash for issuance of bank guarantee		(870,000)	-	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(4,632,609)	4,730,993	539,436	137,409
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,001,627	2,039,206	23,094	(17,205)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		1,821,373	(214,921)	411	17,616
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(86,305)	(2,912)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	29	3,736,695	1,821,373	23,505	411

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Suite 1301, 13th Floor City Plaza, Jalan Tebrau 80300 Johor Bahru, Johor
Principal place of business	:	No. 20, Jalan Hasil Dua Kawasan Perindustrian Jalan Hasil 81200 Tampoi, Johor Bahru, Johor

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 11 July 2016.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following applicable new accounting standards (including the consequential amendments, if any):-

MFRSs (Including The Consequential Amendments)

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions
Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

3.2 The Group has not applied in advance the following applicable accounting standards (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following applicable accounting standards (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (cont'd):-

MFRSs (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarification to MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The adoption of the above accounting standards (including the consequential amendments, if any) is expected to have no material financial impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factor which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(c) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require management to consider the future demand for the products, technical assessment and subsequent events. The Group also adopts the write down policy for slow-moving inventories. For manufacturing segment, the identified slow-moving inventories, which are aged more than 6 months and have less than 5% movement as compared to previous month are marked down in their carrying amount. While, for trading segment, certain percentages are applied on inventories which are near expiry date and non-claimable from the respective suppliers. The percentages are derived based on the past historical movement trend of the realisable value of those inventories and judgement of the directors and management.

Where necessary, write off is made for all damaged and obsolete items. The Group writes off its damaged and obsolete inventories based on assessment of the condition and the future demand for the inventories. These inventories are written off when events or changes in circumstances indicate that the carrying amounts may not be recovered.

In general, such an evaluation process requires significant judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(e) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the outcome is different from the estimation, such difference will impact the carrying value of receivables.

(f) Revaluation of Properties

Certain properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(g) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(h) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period except for those business combinations that occurred before the date of transition 1 January 2011 which are treated as assets and liabilities of the Company and are not retranslated.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definition in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivable financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

(b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities (Cont'd)

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(e) Financial Guarantee Contracts (Cont'd)

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

4.5 INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying value may not be recoverable. The cost of the investment includes transaction costs.

On the disposal of the investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold land is not depreciated. Buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Freehold land and buildings are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Depreciation is charge to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset become idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Freehold buildings	2%
Plant and machinery	10%
Motor vehicles	15%
Other property, plant and equipment	10% - 20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

4.7 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss and investments in subsidiaries), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.8 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements as property, plant and equipment and the correspondence obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

4.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first out basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes cost of materials, labour and an appropriate proportion of production overheads.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 INVENTORIES (CONT'D)

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.10 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets are remeasured in accordance with the Company's accounting policies. Upon classification as held for sale, the non-current assets are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

4.11 INCOME TAXES

Income tax for the reporting period comprises current tax and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.15 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 RELATED PARTIES (CONT'D)

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

4.16 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

4.17 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.19 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.20 REVENUE AND OTHER INCOME

(a) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of goods and services tax, returns, cash and trade discounts.

(b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(c) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

5. INVESTMENTS IN SUBSIDIARIES

	The Company 2016 RM	2015 RM
Unquoted shares, at cost - in Malaysia	62,557,293	62,557,293
Accumulated impairment losses	(15,468,660)	(15,468,660)
	47,088,633	47,088,633

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business	Effective Equity Interest 2016 %	2015 %	Principal Activities
Winsheng Plastic Industry Sdn. Bhd. ("WSP")	Malaysia	100	100	Plastic injection moulding and high precision plastic parts
Lean Teik Soon Sdn. Bhd.	Malaysia	100	100	Wholesaler/retailer of foodstuff and consumer goods
Denko Management Service Sdn. Bhd.	Malaysia	100	100	Dormant
Winsheng Plastic Marketing Sdn. Bhd.	Malaysia	100	100	Dormant
Subsidiary of WSP				
PT. Winsheng Plastic and Tooling Industry*	Indonesia	100	100	Tooling fabrication and plastic part manufacture

* *This subsidiary was audited by member firms of Crowe Horwath International of which Crowe Horwath is a member.*

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.4.2015 RM	Reclassification RM	Additions (Note 28) RM	Disposals RM	Write Off RM	Impairment losses (Note 24) RM	Translation Differences RM	Depreciation charges (Note 24) RM	At 31.3.2016 RM
2016									
Net book value									
Freehold land	13,910,000	-	-	-	-	-	-	-	13,910,000
Freehold buildings	27,500,000	-	-	-	-	-	-	(887,097)	26,612,903
Plant and machinery	9,326,317	-	1,346,616	-	-	(50,625)	64,199	(2,577,426)	8,109,081
Motor vehicles	262,682	-	417,623	(286,998)	-	-	39	(111,435)	281,911
Other property, plant and equipment*	2,555,641	754,723	800,641	-	(1)	-	3,773	(954,667)	3,160,110
Building under construction	726,581	(754,723)	-	-	-	-	28,142	-	-
	54,281,221	-	2,564,880	(286,998)	(1)	(50,625)	96,153	(4,530,625)	52,074,005

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.4.2014 RM	Reclassification RM	Revaluation Surplus RM	Classified as Held for Sale (Note 11) RM	Additions (Note 28) RM	Disposals RM	Impairment losses (Note 24) RM	Translation Differences RM	Depreciation charges (Note 24) RM	At 31.3.2015 RM
2015										
Net book value										
Freehold land	8,120,000	-	5,790,000	-	-	-	-	-	-	13,910,000
Freehold buildings	18,036,150	1,267,232	8,582,418	-	-	-	-	-	(385,800)	27,500,000
Leasehold land	975,716	-	1,248,376	(2,200,000)	-	-	-	-	(24,092)	-
Leasehold buildings	1,347,418	-	1,985,850	(3,300,000)	-	-	-	-	(33,268)	-
Cargo lift	215,460	(228,000)	17,100	-	-	-	-	-	(4,560)	-
Plant and machinery	10,528,075	-	-	-	2,371,065	-	(343,465)	-	(3,229,358)	9,326,317
Motor vehicles	361,357	-	-	-	-	(2)	-	-	(98,673)	262,682
Other property, plant and equipment*	4,798,498	(1,039,232)	-	-	192,969	(3,772)	-	(137)	(1,392,685)	2,555,641
Building under construction	-	-	-	-	726,581	-	-	-	-	726,581
	44,382,674	-	17,623,744	(5,500,000)	3,290,615	(3,774)	(343,465)	(137)	(5,168,436)	54,281,221

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM	At Valuation RM	Accumulated Impairment Losses RM	Accumulated Depreciation RM	Net Book Value RM
2016					
Freehold land	-	13,910,000	-	-	13,910,000
Freehold buildings	-	27,500,000	-	(887,097)	26,612,903
Plant and machinery	62,088,115	-	(2,142,359)	(51,836,675)	8,109,081
Motor vehicles	1,896,701	-	-	(1,614,790)	281,911
Other property, plant and equipment*	21,198,365	-	(385,990)	(17,652,265)	3,160,110
	85,183,181	41,410,000	(2,528,349)	(71,990,827)	52,074,005

The Group	At Cost RM	At Valuation RM	Accumulated Impairment Losses RM	Accumulated Depreciation RM	Net Book Value RM
2015					
Freehold land	-	13,910,000	-	-	13,910,000
Freehold buildings	-	27,500,000	-	-	27,500,000
Cargo lift	-	-	-	-	-
Plant and machinery	60,678,142	-	(2,091,734)	(49,260,091)	9,326,317
Motor vehicles	2,087,574	-	-	(1,824,892)	262,682
Other property, plant and equipment*	19,657,085	-	(385,990)	(16,715,454)	2,555,641
Building under construction	726,581	-	-	-	726,581
	83,149,382	41,410,000	(2,477,724)	(67,800,437)	54,281,221

* Other property, plant and equipment comprise electrical installation, furniture and fittings, renovation, office equipment, air conditioners, tooling equipment, forklift and crane, computers, signboard and fire-fighting equipment.

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) The details of the Group's freehold land and buildings that carried at fair value are analysed as follows:-

The Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2016				
Freehold land	-	13,910,000	-	13,910,000
Freehold buildings	-	27,500,000	-	27,500,000
	-	41,410,000	-	41,410,000
2015				
Freehold land	-	13,910,000	-	13,910,000
Freehold buildings	-	27,500,000	-	27,500,000
	-	41,410,000	-	41,410,000

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between level 1 and level 2 during the financial year.

(b) If the freehold land and buildings were measured using the cost model, the carrying amounts would be as follows:-

The Group	Freehold land RM	Freehold buildings RM	Total RM
2016			
Cost	9,106,000	16,549,149	25,655,149
Accumulated depreciation	-	(3,186,705)	(3,186,705)
At 31 March 2016	9,106,000	13,362,444	22,468,444

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) If the freehold land, leasehold land and buildings were measured using the cost model, the carrying amounts would be as follows (Cont'd):-

The Group	Freehold land RM	Freehold buildings RM	Total RM
2015			
Cost	9,106,000	16,549,149	25,655,149
Accumulated depreciation	-	(2,855,722)	(2,855,722)
At 31 March 2015	9,106,000	13,693,427	22,799,427

(c) During the financial year, the Group has recognised impairment losses of RM50,625 (2015: RM343,565) for plant and equipment, which are idle and no longer in use.

(d) The following assets at net book value have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 14, 19, 21 to the financial statements:-

	The Group 2016 RM	2015 RM
Freehold land	6,710,000	13,910,000
Freehold buildings	15,387,097	27,500,000
Plant and machinery	-	9,326,317
Motor vehicles	-	262,682
Other property, plant and equipment	-	2,555,641
Building under construction	-	726,581
	22,097,097	54,281,221

(e) Included in the net book value of the property, plant and equipment of the Group are the following assets acquired under hire purchase terms:-

	The Group 2016 RM	2015 RM
Plant and machinery	1,647,907	1,872,267
Motor vehicles	234,593	185,552
Other property, plant and equipment	422,425	487,500
	2,304,925	2,545,319

7. INVENTORIES

	The Group	
	2016	**2015**
	RM	RM
Raw materials	5,356,728	3,759,341
Work-in-progress		
- Plastic parts	2,495,978	2,121,963
- Toolings	4,330,801	543,103
Packaging materials	409,913	529,765
Finished goods	6,266,218	8,148,983
	18,859,638	15,103,155
Recognised in profit or loss:-		
Inventories recognised as cost of sales	77,920,068	68,579,747
Amount written down to net realised value	560,101	115,634
Inventory written off	642,824	-
Reversal of write-down	-	(880,745)

8. TRADE RECEIVABLES

	The Group	
	2016	**2015**
	RM	RM
Trade receivables	22,310,323	22,589,322
Allowance for impairment losses	(984,918)	(428,962)
	21,325,405	22,160,360
Allowance for impairment losses:-		
At 1 April 2015/2014	428,962	234,631
Addition for the financial year (Note 24)	798,965	237,251
Reversal during the financial year (Note 24)	(625)	(42,920)
Written off during the financial year	(242,384)	-
At 31 March 2016/2015	984,918	428,962

(a) The Group's normal trade credit terms range from 30 to 90 (2015: 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) Included in trade receivables of the Group is an amount of RM Nil (2015: RM2,400) owing by a Company in which the family members of a key management personnel have interests.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other receivables	1,128,580	721,880	131,444	131,444
GST claimable	215,015	-	2,499	-
Deposits	937,130	855,320	1,000	1,000
Prepayments	1,066,992	286,351	127,170	6,254
	3,347,717	1,863,551	262,113	138,698
Allowance for impairment losses	(170,144)	(241,023)	(131,444)	(131,444)
	3,177,573	1,622,528	130,669	7,254
Allowance for impairment losses:-				
At 1 April 2015/2014	241,023	218,323	131,444	131,444
Addition for the financial year (Note 24)	-	38,700	-	-
Reversal during the financial year (Note 24)	-	(16,000)	-	-
Written off during the financial year	(70,879)	-	-	-
At 31 March 2016/2015	170,144	241,023	131,444	131,444

10. AMOUNT OWING BY/(TO) SUBSIDIARIES

	The Company	
	2016	2015
	RM	RM
Amount Owing by:-		
Current		
Non-trade balances		
- subsidiaries	2,829,975	2,829,975
Amount Owing to-		
Current		
Non-trade balances		
- subsidiaries	(3,359,136)	(3,023,108)

The non-trade balances represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand.

11. NON-CURRENT ASSETS HELD FOR SALES

On 4 June 2015, Lean Teik Soon Sdn. Bhd., a wholly owned subsidiary of Denko Industrial Corporation Berhad had entered into a Sale and Purchase Agreement ("SPA") for the disposal of a piece of leasehold land and buildings for a total cash consideration of RM7,650,000 plus 6% Goods and Services Tax.

At the end of the current reporting period, the leasehold land and building have been presented in the consolidated statement of financial position as "Non-current assets held for sale".

The non-current held for sale, measured at the lower of their carrying amount and fair value less cost to sell, are as follows:-

	The Group	
	2016	**2015**
	RM	RM
Leasehold land	2,200,000	2,200,000
Leasehold building	3,300,000	3,300,000
Non-current assets held for sale	5,500,000	5,500,000

In the previous financial year, the leasehold land and building have been pledged as security for banking facilities granted to the Group (Note 19).

On 3 May 2016, the Group completed the disposal of the abovementioned leasehold land and building.

The cumulative income recognised in other comprehensive income relating to the assets classified as held for sales is as below:-

	The Group	
	2016	**2015**
	RM	RM
Revaluation surplus of leasehold land and building	-	2,719,092

12. SHARE CAPITAL

	The Company			
	2016	**2015**	**2016**	**2015**
	Number Of Shares		RM	RM
ORDINARY SHARES OF RM0.40 EACH:-				
AUTHORISED	447,500,000	447,500,000	179,000,000	179,000,000
ISSUED AND FULLY PAID-UP	104,468,851	104,468,851	41,787,540	41,787,540

The holders of ordinary shares are entitled to received dividend as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

13. RESERVES

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Non-distributable reserves:-				
- Share premium	1,566,419	1,566,419	1,566,419	1,566,419
- Revaluation reserve	17,959,187	17,959,187	-	-
- Foreign currency translation reserve	81,054	(3,049)	-	-
	19,606,660	19,522,557	1,566,419	1,566,419
Distributable reserve:-				
(Accumulated loss)/Retained profits	(5,077,186)	(8,063,045)	2,254,231	2,574,349
	14,529,474	11,459,512	3,820,650	4,140,768

13.1 SHARE PREMIUM

The share premium represents the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares issued, net of transaction costs (if any). The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

13.2 REVALUATION RESERVE

The revaluation reserve represents the increase in the fair value of freehold land and buildings of the Group (net of deferred tax, where applicable).

13.3 FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary.

14. LONG-TERM BORROWINGS

	The Group 2016 RM	2015 RM
Hire purchase payables (Note 20)	940,471	1,389,576
Term loan (Note 21)	4,592,127	1,564,110
	5,532,598	2,953,686

15. DEFERRED TAX LIABILITIES

The Group	At 1.4.2015 RM	Recognised in Profit or Loss (Note 25) RM	Exchange Difference RM	At 31.03.2016 RM
2016				
Deferred Tax Liabilities				
Accelerated capital allowances	2,527,100	(732,300)	-	1,794,800
Revaluation of land and buildings	3,920,634	-	-	3,920,634
Unrealised foreign exchange gain	52,000	(52,000)	-	-
	6,499,734	(784,300)	-	5,715,434
Deferred Tax Assets				
Other temporary differences	(359,200)	(181,834)	-	(541,034)
Unrealised foreign exchange loss	-	(143,300)	-	(143,300)
Unused tax losses	-	(362,498)	2,643	(359,855)
	(359,200)	(687,632)	2,643	(1,044,189)
	6,140,534	(1,471,932)	2,643	4,671,245

15. DEFERRED TAX LIABILITIES (CONT'D)

The Group	At 1.4.2014 RM	Recognised in Profit or Loss (Note 25) RM	Recognised in Other Comprehensive Income (Note 26) RM	At 31.03.2015 RM
2015				
Deferred Tax Liabilities				
Accelerated capital allowances	3,381,000	(853,900)	-	2,527,100
Revaluation of land and buildings	1,030,000	-	2,890,634	3,920,634
Unrealised foreign exchange gain	-	52,000	-	52,000
	4,411,000	(801,900)	2,890,634	6,499,734
Deferred Tax Assets				
Other temporary differences	(114,000)	(245,200)	-	(359,200)
Unabsorbed capital allowances	(189,000)	189,000	-	-
Unused tax losses	(1,000)	1,000	-	-
	(304,000)	(55,200)	-	(359,200)
	4,107,000	(857,100)	2,890,634	6,140,534

At the end of the reporting period, the Group has unutilised reinvestment allowance and unabsorbed tax losses (stated at gross) of approximately RM14,674,000 (2015 – RM20,571,000) and RM3,356,000 (2015 – RM659,000) respectively that are available for offset against future taxable profits of the subsidiaries. No deferred tax assets are recognised in respect of reinvestment allowance as it is not probable that taxable profits of the subsidiary will be available against which the deductible temporary differences can be utilised. The unused tax losses and unabsorbed capital allowances do not expire under current tax legislation. However, the availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

16. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2015: 30 to 90) days.

17. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Other payables	3,773,175	2,026,765	103,593	124,433
Deposit received	1,941,000	-	-	-
Accrued expenses	3,878,970	5,002,388	46,655	98,624
Progress billings on toolings	2,869,308	884,729	-	-
	12,462,453	7,913,882	150,248	223,057

18. AMOUNT OWING TO DIRECTORS

The amount owing to directors is unsecured, interest-free and repayable over the next 12 months. The amount owing is to be settled by cash.

19. SHORT-TERM BORROWINGS

	The Group	
	2016	**2015**
	RM	RM
Bankers' acceptance	7,320,447	8,958,000
Revolving credit	2,000,000	2,000,000
Hire purchase payables (Note 20)	583,382	702,207
Term loan (Note 21)	344,677	980,999
	10,248,506	12,641,206

Bankers' acceptance is drawn for a period up to 120 days (2015: 110 days) and bears interest rates ranging from 4.79% to 5.41% (2015: 4.73% to 5.70%) per annum.

The bankers' acceptance, revolving credit, term loan and bank overdraft are secured by:-

(i) first and second legal charges over the freehold land, leasehold land and buildings of the Group as disclosed in Notes 6 and 11 to the financial statements;

(ii) in the previous financial year, fixed and floating charge over all the present and future assets of the Group as disclosed in Note 6 to the financial statements.

(iii) corporate guarantee from the Company.

20. HIRE PURCHASE PAYABLES

	The Group	
	2016 RM	2015 RM
Minimum hire purchase payments:		
- not later than 1 year	668,202	824,400
- later than 1 year and not later than 5 years	1,007,583	1,522,580
	1,675,785	2,346,980
Less: Future finance charges	(151,932)	(255,197)
Present value of hire purchase payables	1,523,853	2,091,783
<u>Current</u>		
Not later than 1 year (Note 19)	583,382	702,207
<u>Non-current</u>		
Later than 1 year and not later than 5 years (Note 14)	940,471	1,389,576
	1,523,853	2,091,783

(a) Included in hire purchase payables of the Group is an amount of RM1,325,215 (2015:RM1,685,652) secured by corporate guarantee from the Company.

(b) The hire purchase payables of the Group bore effective interest rates ranging from 5.23% to 12.66% (2015: 5.23% to 7.26%). The interest rates are fixed at the inception of the hire purchase arrangements.

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21. TERM LOAN

	The Group	
	2016	**2015**
	RM	RM
Current (Note 19)		
Not later than 1 year	344,677	980,999
Non-Current (Note 14)		
Later than 1 year and not later than 2 years	370,011	1,053,808
Later than 2 years and not later than 5 years	1,479,783	510,302
Later than 5 years	2,742,333	-
	4,592,127	1,564,110
	4,936,804	2,545,109

(a) The term loan is secured in same manner as disclosed in Note 19 to the financial statements.

(b) The interest rate profile of the term loan is summarised below:-

	Effective Interest rate %	2016 RM	2015 RM
Floating rate term loan	7.15 - 7.35	4,936,804	2,545,109

22. BANK OVERDRAFT

Bank overdraft to a limit of RM1,000,000 (2015: RM1,000,000) is payable on demand and secured in the same manner as disclosed in Note 19 to the financial statements.

23. REVENUE

Revenue of the Group represents invoiced value of goods sold less returns and trade discounts, if any.

24. PROFIT/(LOSS) BEFORE TAX

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit/(Loss) before tax is arrived at after charging:-				
Audit fee				
- current year	115,973	90,000	23,000	43,000
Bad debts written off	-	22,417	-	-
Depreciation of property, plant and equipment (Note 6)	4,530,625	5,168,436	-	-
Directors' remuneration (Note 30)	1,962,078	1,713,425	285,355	268,000
Impairment losses on				
- property, plant and equipment	50,625	343,465	-	-
- other receivables (Note 9)	-	38,700	-	-
- trade receivables (Note 8)	798,965	237,251	-	-
Interest expense on				
- bankers' acceptance	362,968	105,512	-	-
- bank overdraft	96,478	313,720	-	-
- hire purchases	136,294	143,612	-	11,009
- revolving credit	126,160	157,160	-	-
- term loan	205,960	213,926	-	-
- others	969	-	-	-
Loss on foreign exchange				
- realised	16,634	-	-	-
- unrealised	594,232	-	-	-
Property, plant and equipment written off (Note 6)	1	-	-	-
Rental expenses on				
- forklift	23,020	-	-	-
- hostel	536,553	335,388	-	-
- office	112,000	33,240	-	12,000
Staff costs (including other key management personnel as disclosed in Note 30)	24,518,570	21,904,389	-	-

24. PROFIT/(LOSS) BEFORE TAX (CONT'D)

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Profit/(Loss) before tax is arrived at after crediting:-				
Gain on disposal of property, plant and equipment	30,474	28,026	-	-
Gain on foreign exchange				
- realised	256,682	340,889	-	-
- unrealised	-	208,327	-	-
Interest income	10,092	4,242	-	1,954
Over provision of directors' fees	-	253,000	-	253,000
Rental income from premises	610,678	9,000	-	-
Reversal of impairment losses on				
- freehold land and buildings	-	629,302	-	-
- other receivables (Note 9)	-	16,000	-	-
- trade receivables (Note 8)	625	42,920	-	-

Included in staff costs is EPF contribution of RM1,062,754 (2015:RM1,183,424).

25. TAX INCOME

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Income tax:				
- current tax	500,000	410,000	-	-
- over provision in the previous financial year	(21,830)	(52,207)	(166,262)	(52,207)
	478,170	357,793	(166,262)	(52,207)
Deferred tax (Note 15):				
- originating and recognition of temporary differences	(965,832)	(276,500)	-	-
- effect of change in corporate income tax rate from 25% to 24%	-	(102,000)	-	-
- over provision in the previous financial year	(506,100)	(478,600)	-	-
	(1,471,932)	(857,100)	-	-
	(993,762)	(499,307)	(166,262)	(52,207)

25. TAX INCOME (CONT'D)

A reconciliation of tax expense/(income) applicable to the profit/(loss) before tax at the statutory tax rate to tax income at the effective tax rate of the Group and the Company is as follows:-

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit/(Loss) before tax	1,992,097	2,345,570	(486,380)	(830,040)
Tax at the statutory tax rate of 24% (2015 - 25%)	478,103	586,393	(116,731)	(207,510)
Tax effects of:-				
Non-deductible expenses	243,816	798,744	116,731	271,249
Non-taxable income	-	(70,739)	-	(63,739)
Tax incentives - reinvestment allowance	(1,330,957)	(950,000)	-	-
Deferred tax asset not recognised in current financial year	153,942	45,000	-	-
Utilisation of deferred tax assets previously not recognised	-	(275,898)	-	-
Effect of differential in tax rates of subsidiary	(10,736)	-	-	-
Effect of change in corporate income tax rate from 25% to 24% on deferred tax	-	(102,000)	-	-
Over provision of income tax expense in the previous financial year	(21,830)	(52,207)	(166,262)	(52,207)
Over provision of deferred tax in the previous financial year	(506,100)	(478,600)	-	-
Tax income for the financial year	(993,762)	(499,307)	(166,262)	(52,207)

26. OTHER COMPREHENSIVE INCOME

	The Group 2016 RM	2015 RM
Item that Will Not be Reclassified Subsequently to Profit or Loss		
Revaluation of properties	-	16,994,442
Less: Deferred tax (Note 15)	-	(2,890,634)
	-	14,103,808
Item that May be Reclassified Subsequently to Profit or Loss		
Foreign currency translation differences		
- changes during the financial year	84,103	(3,049)
	84,103	14,100,759

27. EARNINGS PER SHARE

	The Group 2016 RM	2015 RM
Basic		
Profit attributable to owners of the Company (RM)	2,985,859	2,844,877
Weighted average number of ordinary shares in issue	104,468,851	104,468,851
Basic earnings per share (Sen)	2.86	2.72

The diluted earnings per share is equal to the basic earnings per share.

28. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group 2016 RM	2015 RM
Cost of property, plant and equipment purchased (Note 6)	2,564,880	3,290,615
Amount financed through hire purchase	(449,365)	(671,366)
Cash disbursed for purchase of property, plant and equipment	2,115,515	2,619,249

29. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash and bank balances	4,606,695	2,334,908	23,505	411
Bank overdraft (Note 22)	-	(513,535)	-	-
	4,606,695	1,821,373	23,505	411
Less: Bank balance restricted for usage	(870,000)	-	-	-
	3,736,695	1,821,373	23,505	411

The bank balance amounted to RM870,000 is earmarked by bank for issuance of guarantees in favour of a third party.

30. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group include executive directors and certain members of senior management of the Group.

(a) The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Directors				
Directors of the Company				
Executive Directors				
Short-term employee benefits:				
- salaries, bonus and other benefits	789,034	543,240	-	-
Defined contribution benefits	66,339	60,275	-	-
	855,373	603,515	-	-
Non-executive Directors				
- fees	253,355	240,000	253,355	240,000
- other benefits	32,000	28,000	32,000	28,000
	285,355	268,000	285,355	268,000
	1,140,728	871,515	285,355	268,000

30. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(a) The key management personnel compensation during the financial year are as follows (Cont'd):-

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Directors (Cont'd)				
Directors of the Subsidiaries				
Executive Directors				
Short-term employee benefits: - salaries, bonus and other benefits	790,000	717,010	-	-
Defined contribution benefits	31,350	124,900	-	-
	821,350	841,910	-	-
Total Directors' remuneration (Note 24)	1,962,078	1,713,425	285,355	268,000
Other Key Management Personnel				
Short-term employee benefits	4,292,895	4,357,985	-	-
Defined contribution benefits	461,546	456,509	-	-
Total compensation for other key management personnel (Note 24)	4,754,441	4,814,494	-	-

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Company	
	2016	**2015**
	Number of Directors	
Executive Directors		
RM200,001 - RM250,000	1	-
RM600,001 - RM650,000	1	1
Non-executive Directors		
Below RM50,000	6	5
RM50,000 - RM100,000	1	1
	9	7

31. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Subsidiaries				
Rental paid/payable	-	-	-	12,000
Management fee paid/ payable	-	-	-	600,000
Company related by common key management personnel				
Loss on disposal of property, plant and equipment	11,525	-	-	-
Sales of plastic parts and toolings	-	22,026	-	-

32. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 2 main reportable segments as follows:-

- Plastic and moulding – involved in manufacturing and sale of plastic moulded products and components.
- Snack food – wholesaler/retailer of foodstuff and consumer goods
- Others – Investment holding

(a) The Group Executive Committee assesses the performance of the reportable segments based on their profit before interest expense and tax. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets of the segment other than tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transaction are eliminated on consolidation.

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32. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

2016	Plastic and moulding RM	Snack Food RM	Others RM	**Group** RM
Revenue				
External revenue	87,419,709	5,333,086	-	92,752,795
Inter-segment revenue	412,225	49,738	-	461,963
	87,831,934	5,382,824	-	93,214,758
Consolidation adjustments				(461,963)
Consolidated revenue				92,752,795
Results				
Segment profit/(loss) before interest and tax	5,946,026	(2,755,709)	(14,999)	3,175,318
Finance costs				(944,496)
Unallocated expenses				(486,380)
Consolidation adjustments				247,655
Consolidated profit before tax				1,992,097
Segment profit before interest and tax includes the following:-				
Depreciation of property, plant and equipment	(4,341,217)	(189,408)	-	(4,530,625)
Gain on disposal of property, plant and equipment	-	30,474	-	30,474
Interest expense	(853,070)	(75,759)	-	(928,829)
Interest income	116	9,976	-	10,092
Inventories written down	(241,373)	(318,728)	-	(560,101)
Invnetories written off	-	(642,824)	-	(642,824)
Impairment of				
- trade receivables	-	(798,965)	-	(798,965)
- property, plant and equipemnt	(50,625)	-	-	(50,625)
Loss on foreign exchange - unrealised	(594,232)	-	-	(594,232)
Rental expense				
- forklift	-	(23,020)	-	(23,020)
- hostel	(520,053)	(16,500)	-	(536,553)
- office	-	(112,000)	-	(112,000)
Rental income	610,678	-	-	610,678
Tax income	312,366	515,134	166,262	993,762

32. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2016	Plastic and moulding RM	Snack Food RM	Others RM	**Group RM**
Assets				
Segment assets	107,200,260	11,223,018	56,734,167	175,157,445
Unallocated assets				
- other receivables, deposits and prepayments				130,669
- cash and bank balances				23,505
Consolidation adjustments				(69,628,951)
Consolidated total assets				105,682,668
Additions to non-current assets other than financial instruments is:				
- Property, plant and equipment	2,432,513	132,367	-	2,564,880
Liabilities				
Segment liabilities	53,771,094	6,376,644	8,352,285	68,500,023
Unallocated liabilities				
- other payables and accruals				150,248
- amount owing to directors				955,208
Consolidation adjustments				(20,239,825)
Consolidated total liabilities				49,365,654

2015	Plastic and moulding RM	Snack Food RM	Others RM	**Group RM**
Revenue				
External revenue	70,966,218	9,110,496	-	80,076,714
Inter-segment revenue	4,020	-	1,274,328	1,278,348
Total revenue	70,970,238	9,110,496	1,274,328	81,355,062
Consolidation adjustments				(1,278,348)
Consolidated revenue				80,076,714

32. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

Results	Plastic and moulding RM	Snack Food RM	Others RM	**Group** RM
Segment profit/(loss) before interest and tax	3,885,703	(1,866,579)	1,354,877	3,374,001
Finance costs				(950,941)
Unallocated expenses				(1,073,985)
Consolidation adjustments				996,495
Consolidated profit before tax				2,345,570
Segment profit before interest and tax includes the following:-				
Depreciation of property, plant and equipment	(4,923,440)	(244,996)	-	(5,168,436)
Gain on foreign exchange				
- realised	340,889	-	-	340,889
- unrealised	208,327	-	-	208,327
Gain on disposal of property, plant and equipment	28,026	-	-	28,026
Interest expense	(772,341)	(150,580)	(11,009)	(933,930)
Interest income	3,946	-	296	4,242
Inventories written down	-	(115,634)	-	(115,634)
Impairment of				
- trade receivables	(237,251)	-	-	(237,251)
- other receivable	(38,700)	-	-	(38,700)
- property, plant and equipment	(343,465)	-	-	(343,465)
Rental expense				
- hostel	(317,388)	(18,000)	-	(335,388)
- office	(33,240)	-	-	(33,240)
Rental income	-	9,000	-	9,000
Reversal of impairment of trade receivables	(42,920)	-	-	(42,920)
Reversal of inventories written down	880,745	-	-	880,745
Tax income	(290,100)	(157,000)	(52,207)	(499,307)

32. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2015	Plastic and moulding RM	Snack Food RM	Others RM	**Group** RM
Assets				
Segment assets	94,802,628	15,423,749	56,717,705	166,944,082
Unallocated assets				
- other receivables, deposits and prepayments				7,254
- cash and bank balances				411
Consolidation adjustments				(65,766,718)
Consolidated total assets				101,185,029
Additions to non-current assets other than financial instruments is:				
- Property, plant and equipment	3,272,965	17,650	-	3,290,615
Liabilities				
Segment liabilities	46,857,075	8,252,333	7,984,796	63,094,204
Unallocated liabilities				
- other payables and accruals				223,057
- amount owing to directors				751,800
Consolidation adjustments				(16,131,084)
Consolidated total liabilities				47,937,977

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32. OPERATING SEGMENT (CONT'D)

GEOGRAPHICAL SEGMENTS

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments.

	Revenue		Non-current Assets	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
America	3,805,333	3,849,290	-	-
Asia-pacific	13,646,602	13,081,877	3,563,761	2,440,248
Europe	246,520	363,713	-	-
Malaysia	75,054,340	62,781,834	48,510,244	51,840,973
	92,752,795	80,076,714	52,074,005	54,281,221

MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of Group's total revenue:-

	Revenue		Segment
	2016	**2015**	
	RM	RM	
Customer #1	21,893,987	15,089,414	Plastic and moulding
Customer #2	12,935,166	16,796,916	Plastic and moulding
Customer #3	11,560,739	-	Plastic and moulding
	46,389,892	31,886,330	

33. CAPITAL COMMITMENT

	The Group	
	2016	**2015**
	RM	RM
Authorised and Contracted for		
Purchase of property, plant and equipment	543,463	65,117

34. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

34.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Company. The currencies giving rise to this risk are primarily, United States Dollar ("USD"), Euro Dollar ("EURO") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	USD RM	EURO RM	SGD RM
2016			
Financial Assets			
Trade receivables	7,546,469	-	21,525
Cash and bank balances	330,850	15,915	64,775
	7,877,319	15,915	86,300
Financial Liabilities			
Trade payables	2,671,702	8,432	136,529
Other payables	22,059	-	169,751
	2,693,761	8,432	306,280
Currency Exposure	5,183,558	7,483	(219,980)

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below (cont'd):-

Foreign Currency Exposure (Cont'd)

The Group	USD RM	EURO RM	SGD RM
2015			
Financial Assets			
Trade receivables	7,928,771	72,918	170,434
Cash and bank balances	159,535	39,673	113,862
	8,088,306	112,591	284,296
Financial Liabilities			
Trade payables	2,318,715	8,075	136,687
Other payables	40,135	-	121,112
	2,358,850	8,075	257,799
Currency Exposure	5,729,456	104,516	26,497

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the financial year, with all other variables held constant:-

	The Group	
	2016	**2015**
	RM	RM
Effects on Profit After Tax		
USD/RM - strengthened by 23% (2015: 16%)	840,022	645,945
- weakened by 23% (2015: 16%)	(840,022)	(645,945)
EURO/RM - strengthened by 26% (2015: 16%)	688	21,428
- weakened by 26% (2015: 16%)	(688)	(21,428)
SGD/RM - strengthened by 15% (2015: 7%)	(25,570)	1,121
- weakened by 15% (2015: 7%)	25,570	(1,121)
USD/IDR - strengthened by 4% (2015: 4%)	11,112	6,291
- weakened by 4% (2015: 4%)	(11,112)	(6,291)
EURO/IDR - strengthened by 4% (2015: 4%)	122	114
- weakened by 4% (2015: 4%)	(122)	(114)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rate.

The Group's exposure to interest rate risk that based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 19 and 21 to the financial statements.

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	The Group	
	2016	**2015**
	RM	RM
Effects on Profit After Tax		
Increase of 25 basis points (2015: 25 bp)	(21,417)	(21,683)
Decrease of 25 basis points (2015: 25 bp)	21,417	21,683

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by monitoring procedures on an ongoing basis.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 6 months, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to a subsidiary. The Company monitors the results of the subsidiary regularly and repayments made by the subsidiary.

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 4 (2015: 3) customers which constituted approximately 57% (2015: 43%) of its trade receivables as at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties) at the end of the reporting period is as follows:-

	The Group	
	2016	**2015**
	RM	RM
Asia-pacific	3,541,395	3,637,655
Malaysia	16,875,900	17,764,246
North America	883,865	665,607
Others	24,245	92,852
Total	21,325,405	22,160,360

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiary, representing the outstanding banking facilities of the subsidiary as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material. As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis

The ageing analysis of the Group's trade receivables as at end of the reporting period is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
2016			
Not past due	14,282,724	-	14,282,724
Past due:			
- less than 3 months	5,363,665	-	5,363,665
- 3 to 6 months	821,779	-	821,779
- over 6 months	844,326	(353,593)	490,733
- more than 1 year	997,829	(631,325)	366,504
	22,310,323	(984,918)	21,325,405
2015			
Not past due	15,200,597	-	15,200,597
Past due:			
- less than 3 months	5,378,721	(26,099)	5,352,622
- 3 to 6 months	499,805	-	499,805
- over 6 months	1,039,901	(176,677)	863,224
- more than 1 year	470,298	(226,186)	244,112
	22,589,322	(428,962)	22,160,360

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2016						
Non-derivative Financial Liabilities						
Trade payables		11,460,134	11,460,134	11,460,134	-	-
Other payables and accruals		12,462,453	12,462,453	12,462,453	-	-
Amount owing to directors		4,807,551	4,807,551	4,807,551	-	-
Bankers' acceptance	4.79 to 5.41	7,320,447	7,320,447	7,320,447	-	-
Revolving credit	5.63	2,000,000	2,000,000	2,000,000	-	-
Hire purchase payables	5.23 - 9.34	1,523,853	1,675,785	668,202	1,007,583	-
Term loan	7.35	4,936,804	6,957,398	707,532	3,028,562	3,221,304
		44,511,242	46,683,768	39,426,319	4,036,145	3,221,304

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2015					
Non-derivative Financial Liabilities					
Trade payables	-	9,468,127	9,468,127	9,468,127	-
Other payables and accruals	-	7,913,882	7,913,882	7,913,882	-
Amount owing to directors	-	8,307,007	8,307,007	8,307,007	-
Bankers' acceptance	4.73 - 4.98	8,958,000	8,958,000	8,958,000	-
Revolving credit	8.10	2,000,000	2,000,000	2,000,000	-
Hire purchase payables	5.23 - 6.98	2,091,783	2,346,980	824,400	1,522,580
Term loan	7.15	2,545,109	2,779,425	1,131,780	1,647,645
Bank overdraft	10.35	513,535	513,535	513,535	-
		41,797,443	42,286,956	39,116,731	3,170,225

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Company	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2016				
Non-derivative Financial Liabilities				
Other payables and accruals	-	150,248	150,248	150,248
Amount owing to directors	-	955,208	955,208	955,208
Amount owing to subsidiaries	-	3,359,136	3,359,136	3,359,136
		4,464,592	4,464,592	4,464,592
2015				
Non-derivative Financial Liabilities				
Other payables and accruals	-	223,057	223,057	223,057
Amount owing to directors	-	751,800	751,800	751,800
Amount owing to subsidiaries	-	3,023,108	3,023,108	3,023,108
		3,997,965	3,997,965	3,997,965

34. FINANCIAL INSTRUMENTS (CONT'D)

34.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debts divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2016	**2015**
	RM	RM
Bankers' acceptance (Note 19)	7,320,447	8,958,000
Revolving credit (Note 19)	2,000,000	2,000,000
Hire purchase payables (Note 20)	1,523,853	2,091,783
Term loan (Note 21)	4,936,804	2,545,109
Bank overdraft (Note 22)	-	513,535
	15,781,104	16,108,427
Less: Cash and bank balances	(4,606,695)	(2,334,908)
Net debt	11,174,409	13,773,519
Total equity	56,317,014	53,247,052
Debt-to-equity ratio	19.84%	25.87%

There was no change in the Group's approach to capital management during the financial year.

34. FINANCIAL INSTRUMENTS (CONT'D)

34.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Financial Assets				
Loans and Receivables Financial Assets				
Trade receivables (Note 8)	21,325,405	22,160,360	-	-
Other receivables and deposits (Note 9)	1,895,566	1,336,177	1,000	1,000
Amount owing by subsidiaries (Note 10)	-	-	2,829,975	2,829,975
Cash and bank balances	4,606,695	2,334,908	23,505	411
	27,827,666	25,831,445	2,854,480	2,831,386
Financial Liabilities				
Other Financial Liabilities				
Trade payables (Note 16)	11,460,134	9,468,127	-	-
Other payables and accruals (Note 17)	12,462,453	7,913,882	150,248	223,057
Amount owing to directors (Note 18)	4,807,551	8,307,007	955,208	751,800
Amount owing to subsidiaries (Note 10)	-	-	3,359,136	3,023,108
Bankers' acceptances (Note 19)	7,320,447	8,958,000	-	-
Revolving credit (Note 19)	2,000,000	2,000,000	-	-
Hire purchase payables (Note 20)	1,523,853	2,091,783	-	-
Term loan (Note 21)	4,936,804	2,545,109	-	-
Bank overdraft (Note 22)	-	513,535	-	-
	44,511,242	41,797,443	4,464,592	3,997,965

34. FINANCIAL INSTRUMENTS (CONT'D)

34.4 FAIR VALUES INFORMATION

The fair values of the financial assets and financial liabilities of the Group that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments not Carried at Fair Value			Total Fair	Carrying
	Level 1	Level 2	Level 3	Value	Amount
The Group	RM	RM	RM	RM	RM
2016					
Financial Liabilities					
Hire purchase payables	-	1,630,207	-	1,630,207	1,523,853
Term loan	-	4,936,804	-	4,936,804	4,936,804
2015					
Financial Liabilities					
Hire purchase payables	-	2,104,998	-	2,104,998	2,091,783
Term loan	-	2,545,109	-	2,545,109	2,545,109

34. FINANCIAL INSTRUMENTS (CONT'D)

34.4 FAIR VALUES INFORMATION (CONT'D)

Fair Value of Financial Instruments not Carried at Fair Value

The fair values of hire purchase payables and term loan are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2016	**2015**
	%	%
Hire purchase payables	2.39 - 12.66	2.57 to 5.70
Term loan	7.35	7.15

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35. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED (LOSSES)/PROFITS

The breakdown of the (accumulated losses)/retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Total (accumulated losses)/ retained profits:				
- realised	32,986,819	30,757,797	2,254,231	2,574,349
- unrealised	(5,423,026)	(5,932,207)	-	-
	27,563,793	24,825,590	2,254,231	2,574,349
Less: Consolidation adjustments	(32,640,979)	(32,888,635)	-	-
At 31 March	(5,077,186)	(8,063,045)	2,254,231	2,574,349

DENKO INDUSTRIAL CORPORATION BERHAD
(Incorporated in Malaysia)
Company No: 190155-M

DETAILED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

		2016 RM	2015 RM
REVENUE		-	-
ADD: OTHER INCOME			
Other income		-	1,954
Over provision of directors' fees		-	253,000
		-	254,954
LESS: EXPENSES			
Administrative expenses	(SCHEDULE A)	486,380	1,073,984
Finance cost	(SCHEDULE B)	-	11,010
		486,380	1,084,994
LOSS BEFORE TAX		(486,380)	(830,040)

This statement is prepared for management purposes only and does not form part of the audited financial statements of the Company.

DENKO INDUSTRIAL CORPORATION BERHAD
(Incorporated in Malaysia)
Company No: 190155-M

DETAILED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	2016 RM	2015 RM
SCHEDULE A		
ADMINISTRATIVE EXPENSES		
Advertisement	42,617	3,142
Annual listing fee	20,000	20,000
Audit fee		
- current year	23,000	43,000
Bank charges	72	16
Directors' fees	253,355	240,000
Directors' other emoluments	32,000	28,000
Insurance	25,001	24,996
Legal and professional fees	32,501	56,245
Management fee	-	600,000
Meeting expenses	-	2,498
Miscellaneous expenses	-	636
Newspaper and magazine	2,964	-
Office rental	-	12,000
Penalty	4,462	-
Postage and courier charges	6,796	191
Printing and stationery	4,726	10,504
Registration fee	7,719	7,507
Secretarial fee	20,013	12,410
Service tax	-	8,174
Staff welfare	-	3,800
Travelling expenses	9,039	865
Telephone and fax charges	1,151	-
Upkeep of computer software	964	-
	486,380	1,073,984
SCHEDULE B		
FINANCE COST		
Hire purchase interest	-	11,010

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